GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:70
ANSWERED ON:28.07.2005
EXPLORATION OF HYDROCARBONS
Rao Shri Kavuru Samba Siva

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a): whether the Government has assessed the availability of Hydrocarbon reserves in Krishna Godavari Basin;

(b): if so, the details thereof;

(c): whether large quantities of Hydrocarbons have been explored in Krishna Godavari Basin by the Government and private companies;

(d): if so, the details thereof;

(e): the terms and conditions of sharing the Hydrocarbons by Union Government, State Governments and the private companies; and

(f): the mechanism to assess the expenditure incurred and the gas recovered by the companies on day-to-day basis?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS AND PANCHAYATI RAJ(SHRI MANI SHANKAR AIYAR)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO.70 BY SHRI K.S. RAO TO BE ANSWERED ON 28TH JULY, 2005 REGARDING EXPLORATION OF HYDROCARBONS

(a) to (d): The prognosticated hydrocarbon reserves of Krishna-Godavari Basin are estimated by the Directorate General of Hydrocarbons(DGH)to be 575 Million Metric Tonne(MMT) in onland areas and 555 MMT in offshore areas. Krishna-Godavari Basin also has high hydrocarbon potential in deepwater areas.

As on 1.4.2005, Oil and Natural Gas Corporation Ltd.(ONGC) have established about 100.18 MMT hydrocarbon reserves in onland and offshore areas. Private joint venture companies have established about 287.32 Billion Cubic Metre(BCM) of gas reserves in offshore areas. Recently, Gujarat State Petroleum Corporation Ltd.(GSPC) have also made a significant gas discovery in the Block KG-OSN-2001/3 falling in Krishna-Godavari Basin.

(e): Under the Production Sharing Contract(PSC) regime, the contractor has to share the profit petroleum with Government based on the sharing mechanism agreed during the bidding process, which is stipulated in the Contract. Under the New Exploration Licensing Policy(NELP), Government is not incurring expenditure on exploration blocks. However, profits, in the event of commercial production are shared after the contractor has recovered its costs. The contract costs, consisting of exploration, development and production costs incurred by the contractor are deducted from the gross revenue for arriving at the profit petroleum, which is to be shared with the Government based on the Investment Multiple achieved in a given period.

(f): Regular contract administration is carried out by a Management Committee comprising representatives of the contracting parties and government through the DGH. In addition, Government also have a contractual right to audit the PSCs. These mechanisms enable Government to assess the expenditure incurred, as well as the petroleum produced, under any PSC.

Royalty is payable to the State Government for production from onland fields and to the Central Government for Offshore fields.